



FEMP's Super ESPC and State Energy Incentive Funds: *Using OPM to Implement Federal Energy Projects*

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(on behalf of DOE/FEMP)

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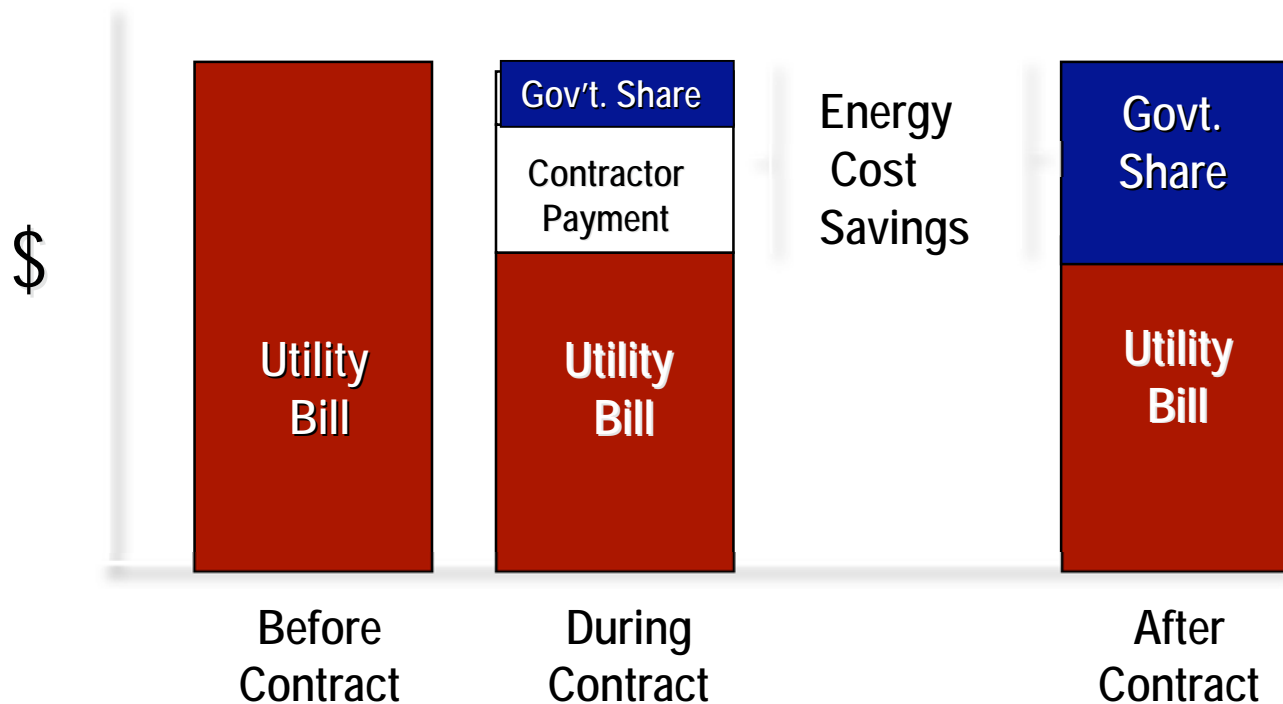
What is an ESPC?

- **ESPC (or EPC)** is a no-upfront-cost contracting method. The contractor incurs the cost of implementing energy conservation measures (ECMs) and is paid from the energy, water, and operations savings resulting from these ECMs over the term of the project.
- **Super ESPC** is DOE/FEMP's program to streamline the process of federal facilities implementing ESPCs by creating a template IDIQ contract and competitively selecting a group of contractors (ESCOs) in each area of the country with whom federal facilities can sign delivery orders to do ESPCs



Essence of ESPC

- Pay a lower utility bill
- Pay the contractor
- Achieve energy savings





Why do an ESPC?

- **Meet energy reduction goals**
 - also helps with environmental goals, such as air quality improvement and carbon reduction
- **Implement comprehensive projects**
 - ESCO incentivized to identify all cost-effective ECMs
- **Improve facilities: reliability and comfort**
- **Avoid change orders – fixed-price contracts**
- **Fast construction**
 - design/build contracts
 - payments don't begin till project is accepted
- **Avoid cost of delay and inaction**



Why do a Super ESPC?

- **Excellent track record**
 - over 150 completed over ten years – no defaults
- **Experienced project facilitators to represent you in dealings with ESCO**
 - 4 out of 5 have been with program since start
 - (FEMP provides facilitation to UESCs also)
- **Guaranteed savings – ECMs perform or ESCO pays**
- **Measurement and verification (M&V) of ECMs**
 - this provides much greater assurance that savings will persist



How do I choose an ESCO?

- **Formal competition already taken place so “fair consideration” is operative phrase**
- **Some COs are comfortable with ESCO that approaches site and commits to develop initial proposal (free of charge)**
- **Some sites recognize need for project and then review qualifications and interview reps of eligible Super ESCOs in their region**
 - **“beauty contest” approach**
- **One agency (VA) does its own audits and then issues “site data package” for ESCO bids**



Can ESPCs use Incentive Funds?

- **YES – and ESCOs are motivated to pursue these b/c they allow larger projects by making ECMs pay back more quickly**
 - alternatively, incentives can help shorten term on same size ESPC
- **Process is simplified for site**
 - Incentive applications usually filled out by ESCOs and payments assigned directly to them
- **NY and NJ both offer generous incentives that cover MOST types of ECMs installed in ESPCs**



Potential SESPC at McGuire AFB

- Project currently in development by Ameresco; could be up to \$20-25M in installed cost
- Prospective projects with “SmartStart” incentives:
 - HID → T5 hi-bay systems: \$50-75/fixture
 - Ground source heat pumps: \$370/ton
 - Hi-eff. electric chiller: ~ \$80/ton (depends on kW/ton)
 - Hi-eff. condensing boilers: \$1-\$1.75/MBtuh
- Prescriptive rebates vs. performance incentives
 - with boilers and lighting, latter may be preferable
- Joe Bogdan (MAFB): “The rebates don’t control the projects – they refine them.”
- Takeaway: ESCOs optimize and obtain incentives



Can I get Incentives w/out ESPC?

- **YES – states and utilities don't care who does the project**
 - nor whether it's with appropriated \$ or OPM
- **Example: GSA's Trenton Federal Building**
 - \$149,600 from NJ Clean Energy's CORE program for 40-kW solar PV project
- **NY and NJ both offer generous incentives that cover most types of ECMs installed w/in and outside of ESPCs**



Conclusion

- **There's a lot of easy money available to help leverage energy projects in NY and NJ**
- **FEMP's Super ESPC is a great tool that can help you take advantage of these funds**
- **Funds can be obtained through other types of ESPCs (e.g., UESC, ACOE/Huntsville's contract, and USPS SES) and appropriated projects also**

Carpe OPM!

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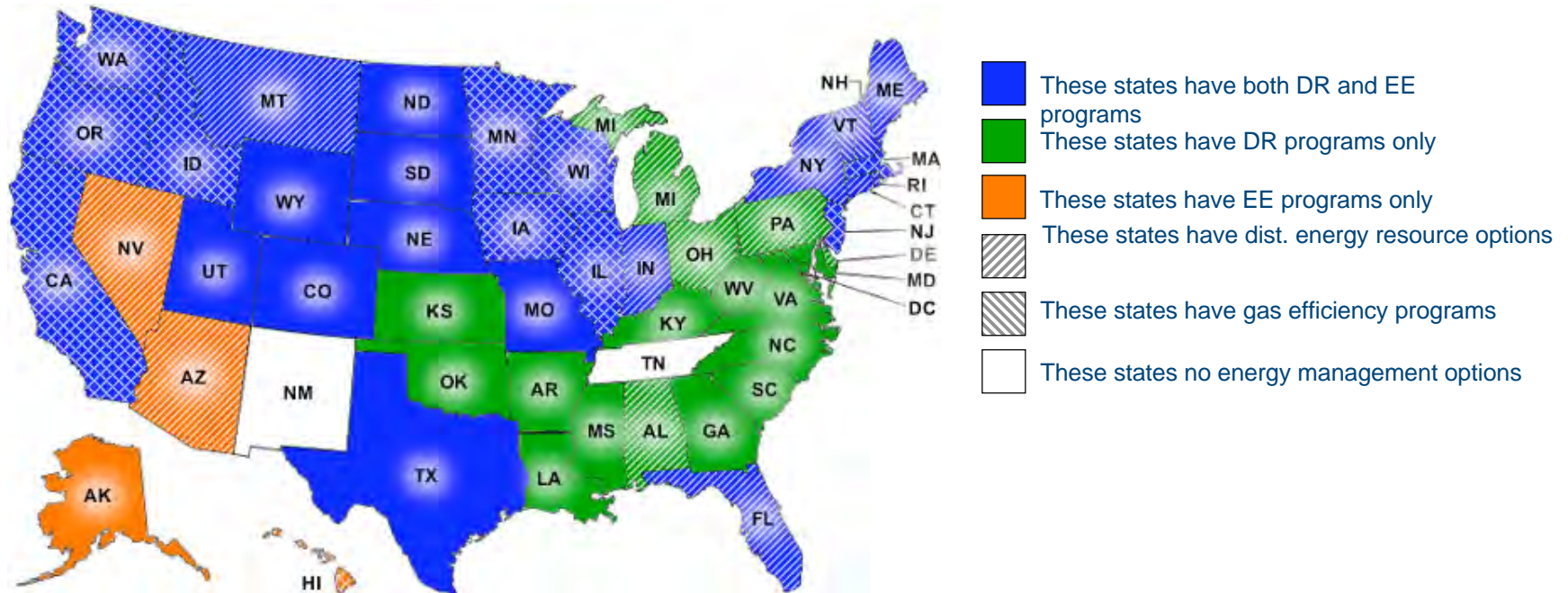
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FEMP Energy Management Website: Energy Incentive Programs

www1.eere.energy.gov/femp/program/utility/utilityman_energymanage.html



- State-by-state information on funding opportunities for electric and gas energy efficiency, demand response, and distributed generation programs
- Programs sponsored by Utilities, Public Benefits Fund Administrators, State Agencies, ISOs; summary description and Web link for each program
- Updated annually to reflect changes

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